

TOWNSHIP OF ROSE

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

TOWNSHIP OF ROSE

TOWNSHIP OFFICIALS

Supervisor - Chester Koop
Treasurer - Susan Slaughter
Clerk - Alison Kalcec

TOWNSHIP BOARD

David Gordon
Alison Kalcec
Chester Koop
Susan Slaughter
Donald Walls

TOWNSHIP ATTORNEY

John D. Mulvihill, PLLC

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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November 5, 2008

Board of Trustees
Township of Rose
9080 Mason Street
Holly, Michigan 48442

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Rose as of and for the year ended June 30, 2008, which collectively comprise the Township of Rose's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Rose's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Rose as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other Required Supplementary Information on pages 8 through 11 and 32 and 33 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Rose's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining statements and individual fund statements, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis

June 30, 2008

Within this section of Rose Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2008. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities. This report demonstrates how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and state revenue sharing. Governmental activities include such activities as general government, public safety, and planning and zoning. Fiduciary activities, as reported in the current tax fund and trust and agency funds are not included in the government-wide statements since these assets are not available to fund Township programs or activities.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units). The Township did not have any component units as of June 30, 2008.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is reflected in the combining statements later in this report.

The Township has two kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from government-wide reporting statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township's net assets at the end of the fiscal year were \$ 2,187,289. This is a \$ 10,626 increase over last year's net assets of \$ 2,176,663.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	Governmental Activities	
	6/30/2008	6/30/2007
Current and other assets	\$ 1,611,804	\$ 1,575,007
Capital assets	656,204	646,150
Total assets	2,268,008	2,221,157
Current liabilities	80,719	44,494
Net assets:		
Invested in capital assets, net of related debt	656,204	646,150
Reserved	464,650	502,521
Unreserved	1,066,435	1,027,992
Total net assets	\$ 2,187,289	\$ 2,176,663

Summary of Changes in Net Assets

	Governmental Activities	
	6/30/2008	6/30/2007
REVENUES		
Program revenues		
Charges for services	\$ 310,531	\$ 296,190
Capital grants and contributions		22,581
Operating grants and contributions	34,455	38,152
General revenues		
State shared revenues	431,472	417,689
Property taxes	606,077	587,826
Other	42,805	57,719
Total revenues	<u>1,425,340</u>	<u>1,420,157</u>
EXPENSES		
General government	706,939	676,999
Public safety	407,501	395,883
Public works	282,996	213,428
Parks and recreation	6,823	6,467
Community development	10,455	28,836
Total expenses	<u>1,414,714</u>	<u>1,321,613</u>
INCREASE IN NET ASSETS	10,626	98,544
BEGINNING NET ASSETS	<u>2,176,663</u>	<u>2,078,119</u>
ENDING NET ASSETS	<u>\$ 2,187,289</u>	<u>\$ 2,176,663</u>

Financial Analysis of the Township's Funds

The General Fund's fund balance increased by \$67,475 for the year ended June 30, 2008. This amount was net of transfers made to the Infrastructure, Cemetery, Building Inspection and the Fire Fund. Amounts are similar to the prior years in which revenues are primarily derived from state shared revenues and property taxes, and expenditures are generally for basic township operations and road improvements.

The Township had two major funds which are:

1. General Fund
2. Fire Fund

The Fire Fund had very little variance from the prior year operations. Transfers are made from the General Fund annually to supplement the Township's participation in an area fire authority.

General Fund Budgetary Highlights

The Township adopted its budget prior to the beginning of the fiscal year ended June 30, 2008. During the year the budget was amended to reflect changes in estimated revenues and expenditures for the year.

Actual expenditures exceeded budget appropriations in only the Township supervisor activity by only \$43.

Capital Asset and Debt Administration

The Township acquired \$40,948 of capital assets during the year pertaining to the resurfacing of the Township hall's parking lot.

Total depreciation expense allocated to governmental fund activities totaled \$30,894.

The Township did not incur any debt such as bond sales, loans etc. during the year.

Economic Conditions and Future Activities

Given the continued slow recovery of the economy, the Township continues to anticipate further future reductions in state shared revenues. The Township also participates in various grants for community services and infrastructure development. These grant activities were included in the financial statements for the year ended June 30, 2008 and are continuing into the next fiscal period.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Township of Rose 9080 Mason Street, Holly, MI 48442.

BASIC FINANCIAL
STATEMENTS

GOVERNMENT - WIDE
FINANCIAL
STATEMENTS

TOWNSHIP OF ROSE
STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,414,346
Receivables	
State shared revenues	141,145
Accounts	47,093
Intergovernmental	9,220
Capital assets, net of depreciation	<u>656,204</u>
Total assets	<u>2,268,008</u>
LIABILITIES	
Accounts payable	<u>80,719</u>
NET ASSETS	
Investment in capital assets	656,204
Reserved for:	
Fire protection	243,975
Public works	220,675
Unreserved	<u>1,066,435</u>
Total net assets	<u><u>\$ 2,187,289</u></u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF ROSE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

		Program Revenues		Net Revenue
			Operating	(Expense) and
		Charges for	Grants for	Changes in
	Expenses	Services	Contributions	Net Assets
GOVERNMENTAL ACTIVITIES:				
General government	\$ (706,939)	\$ 187,996	\$	\$ (518,943)
Fire protection	(407,501)			(407,501)
Public works	(260,484)	107,515	34,455	(118,514)
Cemetery	(22,512)	15,020		(7,492)
Parks and recreation	(6,823)			(6,823)
Community development	(10,455)			(10,455)
Total governmental activities	<u>\$ (1,414,714)</u>	<u>\$ 310,531</u>	<u>\$ 34,455</u>	<u>(1,069,728)</u>
General Revenues:				
				606,077
Property taxes, levied for general purpose				431,472
State shared revenues				42,156
Interest income				649
Other revenues				
Total general revenues				<u>1,080,354</u>
Change in net assets				10,626
Net assets, July 1, 2007				<u>2,176,663</u>
Net assets, June 30, 2008				<u>\$ 2,187,289</u>

The accompanying notes are an integral part of the financial statements.

FUND
FINANCIAL
STATEMENTS

TOWNSHIP OF ROSE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

<u>ASSETS</u>	General Fund	Fire Fund	Non-major Funds	Total
ASSETS				
Cash and cash equivalents	\$ 860,554	\$ 243,975	\$ 309,817	\$ 1,414,346
Receivables				
State shared revenues	141,145			141,145
Accounts	41,829		5,264	47,093
Due from other funds	9,565			9,565
Total assets	<u>\$ 1,053,093</u>	<u>\$ 243,975</u>	<u>\$ 315,081</u>	<u>\$ 1,612,149</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 76,739	\$	\$ 3,980	\$ 80,719
Due to other funds			345	345
Total liabilities	<u>76,739</u>		<u>4,325</u>	<u>81,064</u>
FUND BALANCES				
Unreserved	976,354		90,081	1,066,435
Reserved		243,975	220,675	464,650
Total fund balances	<u>976,354</u>	<u>243,975</u>	<u>310,756</u>	<u>1,531,085</u>
Total liabilities and fund balances	<u>\$ 1,053,093</u>	<u>\$ 243,975</u>	<u>\$ 315,081</u>	<u>\$ 1,612,149</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF ROSE
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
JUNE 30, 2008

Amounts reported for governmental activities in the Statement
of Net Assets are different because:

Total fund balance per balance sheet		\$ 1,531,085
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Historical cost	\$ 809,586	
Depreciation	<u>(153,382)</u>	
Capital assets net of depreciation		<u>656,204</u>
Net assets of governmental activities		<u><u>\$ 2,187,289</u></u>

The accompanying notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

TOWNSHIP OF ROSE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Fire Fund	Nonmajor Funds	Total
REVENUES				
Taxes	\$ 261,424	\$ 344,653	\$	\$ 606,077
Special assessments			107,515	107,515
State shared revenues	431,472			431,472
Grant income	34,360		95	34,455
Licenses and permits	43,209		60,492	103,701
Charges for services	84,295		15,020	99,315
Interest	35,037	4,315	2,804	42,156
Miscellaneous	649			649
Total revenues	<u>890,446</u>	<u>348,968</u>	<u>185,926</u>	<u>1,425,340</u>
EXPENDITURES				
Current:				
General government	610,118		67,067	677,185
Fire protection		407,501		407,501
Community development	10,360		95	10,455
Parks and recreation	5,683			5,683
Public works	115,982		167,014	282,996
Capital outlay:				
General government	<u>29,828</u>	<u></u>	<u>11,120</u>	<u>40,948</u>
Total expenditures	<u>771,971</u>	<u>407,501</u>	<u>245,296</u>	<u>1,424,768</u>
Excess of revenues over (under) expenditures	<u>118,475</u>	<u>(58,533)</u>	<u>(59,370)</u>	<u>572</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		14,000	42,000	56,000
Transfers out	<u>(56,000)</u>	<u></u>	<u></u>	<u>(56,000)</u>
Total other financing sources (uses)	<u>(56,000)</u>	<u>14,000</u>	<u>42,000</u>	<u></u>
Net changes in fund balances	62,475	(44,533)	(17,370)	572
FUND BALANCE, JULY 1, 2007	<u>913,879</u>	<u>288,508</u>	<u>328,126</u>	<u>1,530,513</u>
FUND BALANCE, JUNE 30, 2008	<u>\$ 976,354</u>	<u>\$ 243,975</u>	<u>\$ 310,756</u>	<u>\$ 1,531,085</u>

The accompanying notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

TOWNSHIP OF ROSE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Amounts reported for governmental activities in the Statement
of Activities are different because:

Net change in fund balances - governmental funds	\$	572
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Governmental funds report capital outlay as expenditures.
However, in the Statement of Activities the cost of those
assets are allocated over their useful lives as depreciation
expense. The amount by which capital outlays exceeded
depreciation is as follows:

Capital outlay	\$	40,948	
Depreciation expense		<u>(30,894)</u>	
Total			<u>10,054</u>
Change in net assets of governmental activities			<u><u>\$ 10,626</u></u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF ROSE
FIDUCIARY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2008

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Totals</u>
ASSET			
Cash and cash equivalents	<u>\$ 8,952</u>	<u>\$ 34,877</u>	<u>\$ 43,829</u>
LIABILITIES			
Due to other funds	\$ 8,952	\$ 268	\$ 9,220
Performance bonds	<u> </u>	<u> 34,609</u>	<u> 34,609</u>
Total liabilities	<u>\$ 8,952</u>	<u>\$ 34,877</u>	<u>\$ 43,829</u>

The accompanying notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

NOTES
TO
FINANCIAL
STATEMENTS

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Rose conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for the activity associated with contracting for fire protection services. This fund is supported by property taxes approved from a separately voted millage.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The Township approves budgets for the general, special revenue and capital projects funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis. The Township exceeded budgeted appropriations in the supervisor activity in the General Fund.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2007 levy was assessed at an adjusted taxable value of \$253,713,045. Taxes are due and payable by February 28. Delinquent real and personal property taxes are returned to the County Treasurer for collection.

The Township levies the following millage:

General Township	1.0148
Fire	<u>1.3585</u>
	<u><u>2.3733</u></u>

E. OTHER FINANCING SOURCES (USES)

The transfer of cash between the various funds are budgeted but reported separate from revenues and expenditures as transfers in or (out) unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund.

The Township General Fund made transfers to the Fire, Cemetery, Building Inspection, and Infrastructure Funds. The Fire and Building Inspection Fund transfers were made to supplement the revenues collected for these activities. The Cemetery and Infrastructure Fund transfers were made to provide for future capital projects.

F. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

I. CASH AND CASH EQUIVALENTS

The Township considers its deposits and restricted deposits and investments held with maturities of three months or less to be cash equivalents.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of the Township of Rose as the primary government have been included in the financial statements.

NOTE 3 - INTERFUND BALANCES/TRANSFERS

All interfund balances are short-term in character. Interfund balances will be collected during the next reporting period. These amounts are reported as current assets in the governmental balance sheets. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$ 345	Community Development Fund	\$ 345
General Fund	268	Trust and Agency Fund	268
General Fund	8,951	Current Tax Fund	8,951
	<u>\$ 9,564</u>		<u>\$ 9,564</u>

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3 - INTERFUND BALANCES/TRANSFERS (continued)

Interfund transfers for the year ended June 30, 2008 were as follows:

<u>Transfer in</u>	<u>Transfer out</u>	<u>Purpose</u>	<u>Amount</u>
Fire Fund	General Fund	Fund current activities.	\$ 14,000
Cemetery Fund Debt Service Fund	General Fund	Fund current activities, and provide for future improvements	8,000
Building Inspection Fund	General Fund	Fund current activities.	9,000
Infrastructure Fund	General Fund	Provide for future improvements	25,000
			<u>\$ 56,000</u>

NOTE 4 - EMPLOYEE RETIREMENT PLAN

The Township participates in the John Hancock Defined Contribution Pension Plan Group No. 89571 for Michigan Township employees. This is a single-employer plan. All full-time employees are eligible to participate in the plan. The Township contributes 10% of participant's compensation, while an employee may contribute 1% to 10% of compensation. Annual compensation used to determine the current year contribution is as of July 1, preceding the year. Contribution information is as follows:

TOTAL CURRENT YEAR EMPLOYER CONTRIBUTIONS	<u>\$ 24,482</u>
---	------------------

This balance reflects contributions for the period from July 1, 2007 to June 30, 2008. The current year employee and employer contribution for the year ended June 30, 2008, was \$29,560. Interest has been credited to June 30, 2008.

NOTE 5 - POST-EMPLOYMENT BENEFITS

In the early 1990's the Township approved a resolution to offer all eligible full-time employees/elected officials medical, hospitalization, and dental insurance. To be eligible one must complete 16 years of service and have obtained the age of 65. The Township only contributes the costs of having coverage as a single person. As of the year ended June 30, 2008 there was 3 individuals receiving these benefits. There are 8 individuals that may qualify to receive these benefits, but have not met the service or age prerequisites. The above policy was eliminated in 2003 to stop the benefit for all new employees.

The expenditures made on behalf of the 3 individuals collecting post-employment benefits for the fiscal year ending June 30, 2008 was \$21,158. The Township is funding this program on a pay-as-you-go basis and has not obtained an actuarial evaluation of future obligations.

The Governmental Accounting Standards Board has released Statement Number 45, *Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 5 - POST-EMPLOYMENT BENEFITS (continued)

Funding Policy

The required contribution is based on projected pas-as you-go financing requirement, with an additional amount to prefund benefits determined annually by the Township. Eligible employees have no obligation to fund this benefit. A trust has been created to fund these costs, but no funds have been transferred as of June 30, 2008.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of fund that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Township's ARC as of the actuarial evaluation performed for the year ended June 30, 2008:

	<u>General</u>
Normal cost	\$ 60,423
Amortization of unfunded actuarial accrued liabilities	<u>48,364</u>
Annual required contribution (ARC)	<u>\$ 108,787</u>
Funded ratio	<u>0%</u>

This is the first actuarial evaluation done by the Township. Thus, no comparative information could be provided.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation. The actuarial assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets.

Assumptions used include:

Discount rate	5%
Health care cost trend	7% in 2008, and ranging 6.7% to 7.3% in subsequent years
Actuarial cost method	Individual entry age

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance 7/1/2007	Additions	Deletions	Balance 6/30/2008
Land	\$ 151,467	\$	\$	\$ 151,467
Township Hall Building and improvements	46,280			46,280
Machinery and equipment	126,599			126,599
New Township Offices Building and Improvements	444,292	40,948		485,240
Total capital assets	768,638	40,948		809,586
Accumulated depreciation	(122,488)	(30,894)		(153,382)
Governmental activities capital asset, net	<u>\$ 646,150</u>	<u>\$ 10,054</u>	<u>\$</u>	<u>\$ 656,204</u>

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. No debt is associated with these capital assets. Depreciation expense was allocated to the following activities:

General government	\$ 29,754
Parks and recreation	<u>1,140</u>
	<u>\$ 30,894</u>

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)

The Governmental Accounting Standards Board Statement No. 40 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Primary Government</u>	<u>Fiduciary Activities</u>	<u>Total</u>	<u>Bank Balance</u>
Insured	\$ 200,000	\$	\$ 200,000	\$ 200,000
Uninsured and uncollateralized	1,214,346	43,829	1,258,175	1,322,827
Total deposits	<u>\$ 1,414,346</u>	<u>\$ 43,829</u>	<u>\$ 1,458,175</u>	<u>\$ 1,522,827</u>

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$1,322,827 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Ratings</u>	<u>Rating Organization</u>
Bank investment pools	\$ 460,190	AAA-V1	Fitch

NOTE 8 - CONTINGENT LIABILITIES

The Township is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Township.

NOTE 9 - GRANT ACTIVITIES

The Township participates in a Community Development Block Grant (CDBG) consortium passed through Oakland County. The County performs a full compliance audit on the Township's program performance. Although the grants were completed during the fiscal year, it remains open for possible compliance audits.

REQUIRED SUPPLEMENTARY
INFORMATION

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 265,650	\$ 260,800	\$ 261,424	\$ 624
State shared revenues	422,000	422,000	431,472	9,472
Licenses and permits	40,250	40,250	43,209	2,959
Charges for services	71,925	83,760	84,295	535
Other revenues	31,050	68,534	70,046	1,512
Total revenues	830,875	875,344	890,446	15,102
EXPENDITURES				
Township board	16,065	12,740	11,573	1,167
Supervisor	48,650	48,400	48,443	(43)
Elections	20,850	13,175	10,331	2,844
Assessor	32,100	31,400	31,234	166
Clerk	108,765	108,265	107,315	950
Board of review	2,050	1,950	1,830	120
Treasurer	126,510	125,310	124,405	905
Building and grounds	23,475	23,800	23,166	634
Unallocated	185,940	177,300	162,616	14,684
Retiree health		25,000	25,000	
Ordinance enforcement	28,480	28,480	28,274	206
Planning commission	77,200	67,575	65,457	2,118
Zoning board of appeals	1,810	385	302	83
Public works	107,650	126,170	115,982	10,188
Community promotion	5,250	3,750	3,750	
Parks and recreation	8,860	7,000	5,683	1,317
Library	6,700	6,700	6,610	90
Total expenditures	800,355	807,400	771,971	35,429
Excess of revenues over (under) expenditures	30,520	67,944	118,475	50,531
OTHER FINANCING (USES)				
Transfers (out)	(22,000)	(56,000)	(56,000)	
Net change in fund balance	8,520	11,944	62,475	50,531
FUND BALANCE, JULY 1, 2007	913,879	913,879	913,879	
FUND BALANCE, JUNE 30, 2008	\$ 922,399	\$ 925,823	\$ 976,354	\$ 50,531

TOWNSHIP OF ROSE
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Property taxes	\$	\$	\$ 344,653	\$
Interest income			4,315	
Total revenues	345,000	348,000	348,968	968
EXPENDITURES				
Contractual services			405,825	
Tax chargebacks			1,676	
Total expenditures	407,650	407,400	407,501	(101)
Excess of revenues over (under) expenditures	(62,650)	(59,400)	(58,533)	867
OTHER FINANCING SOURCES				
Transfers in	14,000	14,000	14,000	
Net change in fund balance	(48,650)	(45,400)	(44,533)	867
FUND BALANCE, JULY 1, 2007	288,508	288,508	288,508	
FUND BALANCE, JUNE 30, 2008	<u>\$ 239,858</u>	<u>\$ 243,108</u>	<u>\$ 243,975</u>	<u>\$ 867</u>

SUPPLEMENTARY
INFORMATION

COMBINING
STATEMENTS

TOWNSHIP OF ROSE
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2008

	Fire	Building Inspection	Big Trail Road	Williams Drive
<u>ASSETS</u>				
ASSETS				
Cash and investments	\$ 243,975	\$ 624	\$ 8,756	\$ 5,452
Accounts receivable		609		
Total assets	<u>\$ 243,975</u>	<u>\$ 1,233</u>	<u>\$ 8,756</u>	<u>\$ 5,452</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$	\$	\$	\$
Due to other funds				
Total liabilities				
FUND BALANCE				
Reserved for endowment				
Reserved for public works			8,756	5,452
Reserved for fire protection	243,975			
Unreserved		1,233		
Total fund balance	<u>243,975</u>	<u>1,233</u>	<u>8,756</u>	<u>5,452</u>
Total liabilities and fund balance	<u>\$ 243,975</u>	<u>\$ 1,233</u>	<u>\$ 8,756</u>	<u>\$ 5,452</u>

<u>Fish Lake Weed Control</u>	<u>Tipsico Lake</u>	<u>Appomattox Drive</u>	<u>Eveline Drive</u>	<u>Cemetery</u>	<u>Cable PEG</u>	<u>Community Development</u>
\$ 5,688	\$ 68,053	\$ 944	\$ 2,000	\$ 39,151	\$ 84,125 4,310	\$ 345
<u>\$ 5,688</u>	<u>\$ 68,053</u>	<u>\$ 944</u>	<u>\$ 2,000</u>	<u>\$ 39,151</u>	<u>\$ 88,435</u>	<u>\$ 345</u>
\$	\$	\$	\$	\$ 800	\$	\$ 345
				800		345
5,688	68,053	944	2,000	37,938		
				413	88,435	
<u>5,688</u>	<u>68,053</u>	<u>944</u>	<u>2,000</u>	<u>38,351</u>	<u>88,435</u>	
<u>\$ 5,688</u>	<u>\$ 68,053</u>	<u>\$ 944</u>	<u>\$ 2,000</u>	<u>\$ 39,151</u>	<u>\$ 88,435</u>	<u>\$ 345</u>

TOWNSHIP OF ROSE
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (continued)
JUNE 30, 2008

	<u>Lake Braemar</u>	<u>Street Lighting</u>	<u>Totals</u>
<u>ASSETS</u>			
ASSETS			
Cash and investments	\$ 53,634	\$ 546	\$ 512,948
Accounts receivable			5,264
			<u>5,264</u>
Total assets	<u>\$ 53,634</u>	<u>\$ 546</u>	<u>\$ 518,212</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 3,180	\$	\$ 3,980
Due to other funds			345
			<u>345</u>
Total liabilities	<u>3,180</u>		<u>4,325</u>
FUND BALANCE			
Reserved for endowment			37,938
Reserved for public works	50,454	546	141,893
Reserved for fire protection			243,975
Unreserved			90,081
			<u>90,081</u>
Total fund balance	<u>50,454</u>	<u>546</u>	<u>513,887</u>
Total liabilities and fund balance	<u>\$ 53,634</u>	<u>\$ 546</u>	<u>\$ 518,212</u>

TOWNSHIP OF ROSE
ALL TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2008

	Current Tax Collection	Trust and Agency	Totals
ASSET			
Cash and cash equivalents	<u>\$ 8,952</u>	<u>\$ 34,877</u>	<u>\$ 43,829</u>
LIABILITIES			
Due to other funds	\$ 8,952	\$ 268	\$ 9,220
Performance bonds	<u> </u>	<u>34,609</u>	<u>34,609</u>
Total liabilities	<u>\$ 8,952</u>	<u>\$ 34,877</u>	<u>\$ 43,829</u>

TOWNSHIP OF ROSE
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	Fire	Building Inspection	Big Trail Road	Williams Drive
REVENUES				
Property taxes	\$ 344,653	\$	\$	\$
Business licenses and permits		36,593		
Special assessments			7,430	3,729
Franchise fees				
Lot sales and transfers				
Grant revenue				
Interest	4,315	100	87	47
	<u>348,968</u>	<u>36,693</u>	<u>7,517</u>	<u>3,776</u>
Total revenues				
EXPENDITURES				
Fire protection	407,501			
Ordinance enforcement		56,854		
Road maintenance			6,001	2,136
Lake maintenance				
Cemetery maintenance				
Community development				
Street lighting				
	<u>407,501</u>	<u>56,854</u>	<u>6,001</u>	<u>2,136</u>
Total expenditures				
Excess of revenues over (under) expenditures	(58,533)	(20,161)	1,516	1,640
OTHER FINANCING SOURCES				
Transfers in	14,000	9,000		
	<u>44,533</u>	<u>11,161</u>	<u>1,516</u>	<u>1,640</u>
Net change in fund balances				
FUND BALANCE, JULY 1, 2007	288,508	12,394	7,240	3,812
FUND BALANCE, JUNE 30, 2008	<u>\$ 243,975</u>	<u>\$ 1,233</u>	<u>\$ 8,756</u>	<u>\$ 5,452</u>

<u>Fish Lake Weed Control</u>	<u>Tipsico Lake</u>	<u>Appomattox Drive</u>	<u>Eveline Drive</u>	<u>Cemetery</u>	<u>Cable PEG</u>	<u>Community Development</u>
\$	\$	\$	\$	\$	\$	\$
16,175	46,050	3,471	12,670		16,155	
				15,020		95
<u>95</u>	<u>883</u>	<u>7</u>	<u>35</u>	<u>838</u>		
<u>16,270</u>	<u>46,933</u>	<u>3,478</u>	<u>12,705</u>	<u>15,858</u>	<u>16,155</u>	<u>95</u>
17,485	83,699	2,534	10,705			
				22,512	7,364	95
<u>17,485</u>	<u>83,699</u>	<u>2,534</u>	<u>10,705</u>	<u>22,512</u>	<u>7,364</u>	<u>95</u>
(1,215)	(36,766)	944	2,000	(6,654)	8,791	
				8,000		
(1,215)	(36,766)	944	2,000	1,346	8,791	
<u>6,903</u>	<u>104,819</u>			<u>37,005</u>	<u>79,644</u>	
<u>\$ 5,688</u>	<u>\$ 68,053</u>	<u>\$ 944</u>	<u>\$ 2,000</u>	<u>\$ 38,351</u>	<u>\$ 88,435</u>	<u>\$</u>

TOWNSHIP OF ROSE
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2008

	Lake Braemar	Street Lighting	Totals
REVENUES			
Property taxes	\$	\$	\$ 344,653
Business licenses and permits			36,593
Special assessments	17,040	950	107,515
Franchise fees			16,155
Lot sales and transfers			15,020
Grant revenue			95
Interest	566	5	6,978
	<u>17,606</u>	<u>955</u>	<u>527,009</u>
Total revenues			
EXPENDITURES			
Fire protection			407,501
Ordinance enforcement			56,854
Road maintenance			21,376
Lake maintenance	20,845		122,029
Cemetery maintenance			22,512
Community development			7,459
Street lighting		1,097	1,097
	<u>20,845</u>	<u>1,097</u>	<u>638,828</u>
Total expenditures			
Excess of revenues over (under) expenditures	(3,239)	(142)	(111,819)
OTHER FINANCING SOURCES			
Transfers in			31,000
	<u>(3,239)</u>	<u>(142)</u>	<u>(80,819)</u>
Net change in fund balances			
FUND BALANCE, JULY 1, 2007	53,693	688	594,706
FUND BALANCE, JUNE 30, 2008	<u>\$ 50,454</u>	<u>\$ 546</u>	<u>\$ 513,887</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

TOWNSHIP OF ROSE
GENERAL FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 860,554
Accounts receivable	41,829
State shared revenues receivable	141,145
Due from other funds	<u>9,565</u>
Total assets	<u>\$ 1,053,093</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 51,739
Accrued liabilities	<u>25,000</u>
Total liabilities	76,739

FUND BALANCE

Undesignated	<u>976,354</u>
Total liabilities and fund balance	<u>\$ 1,053,093</u>

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 260,800	\$ 261,424	\$ 624
State shared revenues	422,000	431,472	9,472
Licenses and permits	40,250	43,209	2,959
Charges for services	83,760	84,295	535
Other revenues	68,534	70,046	1,512
Total revenues	875,344	890,446	15,102
EXPENDITURES			
Township board	12,740	11,573	1,167
Supervisor	48,400	48,443	(43)
Elections	13,175	10,331	2,844
Assessor	31,400	31,234	166
Clerk	108,265	107,315	950
Board of review	1,950	1,830	120
Treasurer	125,310	124,405	905
Building and grounds	23,800	23,166	634
Unallocated	177,300	162,616	14,684
Retiree health	25,000	25,000	
Ordinance enforcement	28,480	28,274	206
Planning commission	67,575	65,457	2,118
Zoning board of appeals	385	302	83
Public works	126,170	115,982	10,188
Community promotion	3,750	3,750	
Parks and recreation	7,000	5,683	1,317
Library	6,700	6,610	90
Total expenditures	807,400	771,971	35,429
Excess of revenues over (under) expenditures	67,944	118,475	50,531
OTHER FINANCING (USES)			
Transfers (out)	(56,000)	(56,000)	
Net change in fund balance	11,944	62,475	50,531
FUND BALANCE, JULY 1, 2007	913,879	913,879	
FUND BALANCE, JUNE 30, 2008	\$ 925,823	\$ 976,354	\$ 50,531

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
PROPERTY TAXES	\$ 260,800	\$ 261,424	\$ 624
STATE SHARED REVENUES	422,000	431,472	9,472
LICENSES AND PERMITS			
Dog licenses		284	
Cable franchise fees		42,925	
Total licenses and permits	40,250	43,209	2,959
CHARGES FOR SERVICES			
Election reimbursements		7,124	
Pest control		1,585	
Planning commission		50	
Passports		610	
Board of appeals		1,650	
Tower rental		58,102	
Other charges for services		1,031	
Tax collection fees		14,143	
Total charges for services	83,760	84,295	535
OTHER REVENUES			
Infrastructure grant		34,360	
Interest		35,037	
Fines		360	
Miscellaneous		289	
Total other revenues	68,534	70,046	1,512
Total revenues	\$ 875,344	\$ 890,446	\$ 15,102

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
TOWNSHIP BOARD			
Per diems	\$	\$ 3,600	\$
Health insurance		7,338	
Payroll taxes		275	
Pension		360	
	<hr/>	<hr/>	<hr/>
Total township board	12,740	11,573	1,167
	<hr/>	<hr/>	<hr/>
SUPERVISOR			
Salary		45,000	
Payroll taxes		3,443	
	<hr/>	<hr/>	<hr/>
Total supervisor	48,400	48,443	(43)
	<hr/>	<hr/>	<hr/>
ELECTIONS			
Supplies		1,593	
School election supplies		7,124	
Postage		634	
Training		10	
Mileage		80	
Small equipment		890	
	<hr/>	<hr/>	<hr/>
Total elections	13,175	10,331	2,844
	<hr/>	<hr/>	<hr/>
ASSESSOR			
Contracted services		30,500	
Clerical services		189	
Supplies		545	
	<hr/>	<hr/>	<hr/>
Total assessor	31,400	31,234	166
	<hr/>	<hr/>	<hr/>
CLERK			
Salary		45,000	
Deputy clerk		29,895	
Health insurance		18,701	
Payroll taxes		5,909	
Pension		7,532	
Supplies		278	
	<hr/>	<hr/>	<hr/>
Total clerk	108,265	107,315	950
	<hr/>	<hr/>	<hr/>
BOARD OF REVIEW			
Salaries		1,700	
Payroll taxes		130	
	<hr/>	<hr/>	<hr/>
Total board of review	1,950	1,830	120
	<hr/>	<hr/>	<hr/>

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
TREASURER			
Salary		45,000	
Deputy treasurer		28,385	
Health insurance		37,073	
Payroll taxes		5,614	
Pension		7,338	
Supplies		474	
Mileage		521	
Total treasurer	125,310	124,405	905
BUILDINGS AND GROUNDS			
Salary		5,513	
Payroll taxes		431	
Supplies		570	
Utilities		7,805	
Repairs		8,847	
Total building and grounds	23,800	23,166	634
UNALLOCATED			
Salaries		500	
Health insurance		21,034	
Retirement		860	
Supplies		2,160	
Summer tax collection		6,442	
Mailing expense		5,680	
Contracted services		1,269	
Audit fees		7,065	
Computer services		5,124	
Attorney fees		16,603	
Cable consultant		45	
Dues and subscriptions		5,955	
Telephone		6,911	
Printing and publishing		4,675	
Insurance and bonds		31,594	
Prescription reimbursement		2,280	
Miscellaneous		2,919	
Repairs and maintenance		7,188	
Tax chargeback		145	
Capital outlay		34,167	
Total unallocated	177,300	162,616	14,684
RETIREE HEALTH	25,000	25,000	

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
ORDINANCE ENFORCEMENT			
Constable		10,000	
Zoning enforcement		10,150	
Health insurance		3,648	
Payroll taxes		1,749	
Pension		2,013	
Supplies		662	
Contracted services		52	
Total ordinance enforcement	28,480	28,274	206
PLANNING COMMISSION			
Salaries		32,030	
Health insurance		23,966	
Payroll taxes		2,450	
Retirement		3,131	
Planning services		3,760	
Dues and meetings		120	
Total planning commission	67,575	65,457	2,118
ZONING BOARD OF APPEALS			
Salaries		225	
Payroll taxes		17	
Dues		60	
Total zoning board of appeals	385	302	83
PUBLIC WORKS			
Street lighting		2,792	
Recycling		2,506	
Clean-up day		8,147	
Pest control		1,585	
Road maintenance		100,952	
Total public works	126,170	115,982	10,188
COMMUNITY PROMOTION			
Youth assistance	3,750	3,750	
PARKS AND RECREATION			
Repairs	7,000	5,683	1,317
LIBRARY			
Library services	6,700	6,610	90
Total expenditures	\$ 807,400	\$ 771,971	\$ 35,429

FIRE
FUND

TOWNSHIP OF ROSE
FIRE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and investments

\$ 243,975

Total assets

FUND BALANCE

FUND BALANCE

\$ 243,975

TOWNSHIP OF ROSE
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$	\$ 344,653	\$
Interest income		4,315	
Total revenues	<u>348,000</u>	<u>348,968</u>	<u>968</u>
EXPENDITURES			
Contractual services		405,825	
Tax chargebacks		1,676	
Total expenditures	<u>407,400</u>	<u>407,501</u>	<u>(101)</u>
Excess of revenues over (under) expenditures	(59,400)	(58,533)	867
OTHER FINANCING SOURCES			
Transfers in	<u>14,000</u>	<u>14,000</u>	
Net change in fund balance	(45,400)	(44,533)	867
FUND BALANCE, JULY 1, 2007	<u>288,508</u>	<u>288,508</u>	
FUND BALANCE, JUNE 30, 2008	<u><u>\$ 243,108</u></u>	<u><u>\$ 243,975</u></u>	<u><u>\$ 867</u></u>

BUILDING
INSPECTION
FUND

TOWNSHIP OF ROSE
BUILDING INSPECTION FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents
Accounts receivable

\$ 624
609

Total assets

\$ 1,233

FUND BALANCE

FUND BALANCE

\$ 1,233

TOWNSHIP OF ROSE
BUILDING INSPECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Business licenses and permits	\$	\$ 36,593	\$
Interest income		100	
Total revenues	<u>37,275</u>	<u>36,693</u>	<u>(582)</u>
EXPENDITURES			
Salaries		28,155	
Payroll taxes		2,337	
Health insurance		4,943	
Retirement		2,811	
Supplies		997	
Audit fees		785	
Inspection fees		10,130	
Dues and subscriptions		1,663	
Telephone		1,128	
Mileage		3,700	
Prescription reimbursement		205	
Total expenditures	<u>59,666</u>	<u>56,854</u>	<u>2,812</u>
Excess of revenues over (under) expenditures	(22,391)	(20,161)	2,230
OTHER FINANCING SOURCES			
Transfers in	<u>9,000</u>	<u>9,000</u>	
Net change in fund balance	(13,391)	(11,161)	2,230
FUND BALANCE, JULY 1, 2007	<u>12,394</u>	<u>12,394</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ (997)</u>	<u>\$ 1,233</u>	<u>\$ 2,230</u>

BIG TRAIL ROAD
FUND

TOWNSHIP OF ROSE
BIG TRAIL ROAD FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 8,756

FUND BALANCE

RESERVED FUND BALANCE

\$ 8,756

TOWNSHIP OF ROSE
BIG TRAIL ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 7,430	\$
Interest income		87	
Total revenues	7,450	7,517	67
 EXPENDITURES			
Maintenance	7,450	6,001	1,449
Net change in fund balance		1,516	1,516
 FUND BALANCE, JULY 1, 2007	7,240	7,240	
FUND BALANCE, JUNE 30, 2008	\$ 7,240	\$ 8,756	\$ 1,516

WILLIAMS DRIVE
MAINTENANCE
FUND

TOWNSHIP OF ROSE
WILLIAMS DRIVE MAINTENANCE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 5,452

FUND BALANCE

RESERVED FUND BALANCE

\$ 5,452

TOWNSHIP OF ROSE
WILLIAMS DRIVE MAINTENANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 3,729	\$
Interest income		47	
Total revenues	3,844	3,776	(68)
EXPENDITURES			
Maintenance	3,839	2,136	1,703
Net change in fund balance	5	1,640	1,635
FUND BALANCE, JULY 1, 2007	3,812	3,812	
FUND BALANCE, JUNE 30, 2008	\$ 3,817	\$ 5,452	\$ 1,635

FISH LAKE
WEED CONTROL
FUND

TOWNSHIP OF ROSE
FISH LAKE WEED CONTROL FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS
Cash

\$ 5,688

FUND BALANCE

RESERVED FUND BALANCE

\$ 5,688

TOWNSHIP OF ROSE
FISH LAKE WEED CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 16,175	\$
Interest		95	
Total revenues	16,805	16,270	(535)
EXPENDITURES			
Weed control projects	16,768	17,485	(717)
Net change in fund balance	37	(1,215)	(1,252)
FUND BALANCE, JULY 1, 2007	6,903	6,903	
FUND BALANCE, JUNE 30, 2008	\$ 6,940	\$ 5,688	\$ (1,252)

TIPSICO LAKE
FUND

TOWNSHIP OF ROSE
TIPSICO LAKE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS
Cash

\$ 68,053

FUND BALANCE

RESERVED FUND BALANCE

\$ 68,053

TOWNSHIP OF ROSE
TIPSICO LAKE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 46,050	\$
Interest		883	
Total revenues	48,430	46,933	(1,497)
 EXPENDITURES			
Maintenance	64,482	83,699	(19,217)
Net change in fund balance	(16,052)	(36,766)	(20,714)
 FUND BALANCE, JULY 1, 2007	104,819	104,819	
 FUND BALANCE, JUNE 30, 2008	\$ 88,767	\$ 68,053	\$ (20,714)

APPOMATTOX DRIVE
MAINTENANCE
FUND

TOWNSHIP OF ROSE
APPOMATTOX DRIVE MAINTENANCE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 944

FUND BALANCE

RESERVED FUND BALANCE

\$ 944

TOWNSHIP OF ROSE
 APPOMATTOX DRIVE MAINTENANCE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 3,471	\$
Interest income		7	
Total revenues	3,471	3,478	7
EXPENDITURES			
Maintenance	3,471	2,534	937
Net change in fund balance		944	944
FUND BALANCE, JULY 1, 2007			
FUND BALANCE, JUNE 30, 2008	\$	\$ 944	\$ 944

EVELINE DRIVE
MAINTENANCE
FUND

TOWNSHIP OF ROSE
EVELINE DRIVE MAINTENANCE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 2,000

FUND BALANCE

RESERVED FUND BALANCE

\$ 2,000

TOWNSHIP OF ROSE
EVELINE DRIVE MAINTENANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 12,670	\$
Interest		35	
Total revenues	12,745	12,705	(40)
EXPENDITURES			
Maintenance	12,675	10,705	1,970
Net change in fund balance	70	2,000	1,930
FUND BALANCE, JULY 1, 2007			
FUND BALANCE, JUNE 30, 2008	\$ 70	\$ 2,000	\$ 1,930

CEMETERY
FUND

TOWNSHIP OF ROSE
CEMETERY FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 39,151

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 800

FUND BALANCE

Reserved for endowment

\$ 37,938

Unreserved

413

Total fund balance

38,351

Total liabilities and fund balance

\$ 39,151

TOWNSHIP OF ROSE
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Lot sales and transfers	\$	\$ 8,215	\$
Charges for services		6,805	
Interest income		838	
Total revenues	<u>15,600</u>	<u>15,858</u>	<u>258</u>
EXPENDITURES			
Salaries		13,315	
Payroll taxes		1,019	
Repairs and maintenance		8,104	
Supplies and services		74	
Total expenditures	<u>22,730</u>	<u>22,512</u>	<u>218</u>
Excess of revenues over (under) expenditures	(7,130)	(6,654)	476
OTHER FINANCING SOURCES			
Transfers in	<u>8,000</u>	<u>8,000</u>	
Net change in fund balance	870	1,346	476
FUND BALANCE, JULY 1, 2007	<u>37,005</u>	<u>37,005</u>	
FUND BALANCE, JUNE 30, 2008	<u><u>\$ 37,875</u></u>	<u><u>\$ 38,351</u></u>	<u><u>\$ 476</u></u>

CABLE

PEG

FUND

TOWNSHIP OF ROSE
CABLE PEG FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 84,125

Accounts receivable - cable company

4,310

Total assets

\$ 88,435

FUND BALANCE

FUND BALANCE

\$ 88,435

TOWNSHIP OF ROSE
CABLE PEG FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Cable franchise fees	\$ 15,100	\$ 16,155	\$ 1,055
EXPENDITURES			
Salaries		4,300	
Payroll taxes		362	
Health insurance		749	
Retirement		436	
Small equipment		1,517	
Total expenditures	7,430	7,364	66
Net change in fund balance	7,670	8,791	1,121
FUND BALANCE, JULY 1, 2007	79,644	79,644	
FUND BALANCE, JUNE 30, 2008	\$ 87,314	\$ 88,435	\$ 1,121

COMMUNITY
DEVELOPMENT
FUND

TOWNSHIP OF ROSE
COMMUNITY DEVELOPMENT FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS	
Due from county	\$ 345

LIABILITIES

LIABILITIES	
Due to other funds	\$ 345

TOWNSHIP OF ROSE
COMMUNITY DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Grant revenues	\$ 16,484	\$ 95	\$ (16,389)
EXPENDITURES			
Minor home repairs	16,484	95	16,389
Net change in fund balance			
FUND BALANCE, JULY 1, 2007			
FUND BALANCE, JUNE 30, 2008	\$	\$	\$

LAKE
BRAEMAR
FUND

TOWNSHIP OF ROSE
LAKE BRAEMAR FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 53,634

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 3,180

RESERVED FUND BALANCE

Total fund balance

50,454

Total liabilities and fund balance

\$ 53,634

TOWNSHIP OF ROSE
LAKE BRAEMAR FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 17,040	\$
Interest income		566	
Total revenues	17,450	17,606	156
EXPENDITURES			
Repairs and maintenance	17,450	20,845	(3,395)
Net change in fund balance		(3,239)	(3,239)
FUND BALANCE, JULY 1, 2007	53,693	53,693	
FUND BALANCE, JUNE 30, 2008	\$ 53,693	\$ 50,454	\$ (3,239)

STREET
LIGHTING
FUND

TOWNSHIP OF ROSE
STREET LIGHTING FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 546

FUND BALANCE

RESERVED FUND BALANCE

\$ 546

TOWNSHIP OF ROSE
STREET LIGHTING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 950	\$
Interest income		5	
Total revenues	955	955	
EXPENDITURES			
Utilities	955	1,097	(142)
Net change in fund balance		(142)	(142)
FUND BALANCE, JULY 1, 2007	688	688	
FUND BALANCE, JUNE 30, 2008	\$ 688	\$ 546	\$ (142)

INFRASTRUCTURE
FUND

TOWNSHIP OF ROSE
INFRASTRUCTURE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 40,844

FUND BALANCE

FUND BALANCE

\$ 40,844

TOWNSHIP OF ROSE
INFRASTRUCTURE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Right of way fees	\$	\$ 7,744	\$
Interest income		141	
Total revenues	7,600	7,885	285
EXPENDITURES			
Project costs	13,000	13,969	(969)
Excess of revenues over (under) expenditures	(5,400)	(6,084)	(684)
OTHER FINANCING SOURCES			
Transfers in	25,000	25,000	
Net change in fund balance	19,600	18,916	(684)
FUND BALANCE, JULY 1, 2007	21,928	21,928	
FUND BALANCE, JUNE 30, 2008	\$ 41,528	\$ 40,844	\$ (684)

CURRENT
TAX
COLLECTION
FUND

TOWNSHIP OF ROSE
CURRENT TAX COLLECTION FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 8,952

LIABILITIES

LIABILITIES

Due to other funds

\$ 8,952

TRUST
AND
AGENCY
FUND

TOWNSHIP OF ROSE
TRUST AND AGENCY FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 34,877

LIABILITIES

LIABILITIES

Performance bonds

\$ 34,609

Due to other funds

268

Total liabilities

\$ 34,877

November 5, 2008

Board of Trustees
Township of Rose
9080 Mason Street
Holly, Michigan 48442

Dear Honorable Board of Trustees:

During our audit of the Township of Rose we came across various matters that we would like to discuss with you as part of our audit presentation for the year ending June 30, 2008.

The matters which we would like to discuss with you are as follows:

There is a new auditing standard (SAS #112) which we are required to follow as your auditing firm. This new standard relates to more formal communications by us to you regarding significant deficiencies in your internal controls and accounting procedures.

There are certain issues (deficiencies) which were previously considered general comments but under the new standard are now considered significant deficiencies.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity or detected by the entity's internal control.

We consider the following to be a material weakness of the Township.

- Journal entries were required during the audit to ensure the financial statement presentation was in conformity with generally accepted accounting principles. It should be noted that these journal entries were related to the full-accrual presentation of the government-wide statements (converting fund financial statements to full accrual statements).

We have previously discussed this matter with you and your response was as follows:

Response by Management

We understand that you must follow the aforementioned auditing standard to complete the audit in accordance with Generally Accepted Auditing Standards as applicable to the audit of the Township. However, we prefer that you as our auditing firm continue to make the applicable journal entries to convert the fund financial statements to full accrual statements as required by GASB 34. We believe the costs to circumvent this comment would outweigh the benefits to the Township.

The following are other matters we would like to discuss with you:

1. Bank Reconciliations

As of June 30, 2008 several bank reconciliations did not tie to the cash and investment balances listed in the trial balances. The bank reconciliations should be tied to the trial balances at the end of each month.

2. Computer (Information) Systems

The Township uses an outside consultant for computer support. We noted the consultant has off-site access to the Township's network which requires no specific approvals by Township personnel. The Township should consider some type of controls/procedures be put in place which would require the consultant to follow each time access is made into the network and its related databases. This would give more control to the Township

We also noted there was no confidentiality agreement between the Township and consultant regarding the information and the data stored on the network. The Township should have something in writing (contract, agreement, etc.) with the consultant which verifies responsibilities for both parties. This would help alleviate any differences of opinion if any data or information was changed, lost or stolen. Controls put in place by the support company should also be included with this agreement to give the Authority some comfort.

As a final recommendation, related to the computer (information) systems passwords used by employees and officials of the Township are not changed on an interim basis. Passwords should be maintained by a designated administrator and changed on an interim basis (every three (3) - six (6) months). This would help ensure against improper access to files kept on the network and each personal computer.

3. Current Tax Fund

The Township does not maintain its current tax fund as part of its general ledger system. For better controls it should also be accounted for as a part of the accounting system (set-up with its own fiduciary fund).

4. Investment Reports

We noted that investment reports distributed to the Trustees each quarter does not include all cash accounts owned and maintained by the Township. We suggest all cash, investments, etc. owned and maintained by the Township be compiled in the investment report.

5. Board of Review (BOR) – Procedures and Documentation

Information provided by the BOR to document the reasons for approval or disapproval of hardship exemption requests or value change requests was not always self explanatory. We suggest the procedures used by the BOR be reviewed with an emphasis on better documentation explaining reasons why an exemption or value change was approved or disapproved.

6. Custodial Risk

Based on the current situation with the banking industry we are suggesting a review of the Township's financial organizations be done on an interim basis. At June 30, 2008 the Township had over \$1.3m in uninsured funds at two banking institutions.

Conclusion

Thank you for your assistance and hospitality toward our firm while conducting the audit of the Township of Rose.

If you should have any questions, comments or concerns please do not hesitate to call us.

This report is intended solely for the information and use of the Trustees and management of the Township of Rose and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants